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## FISCAL IMPACT REPORT

SPONSOR Altamirano DATE TYPED 02/14/05 HB \_\_\_\_\_

SHORT TITLE Soil & Water Conservation Districts SB 396

ANALYST Woods

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$570.0			Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to the appropriation for New Mexico State University in the General Appropriations Act.

Relates to HB 491

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico State Department of Agriculture (NMDA)

Commission on Higher Education (CHE)

New Mexico Finance Authority (NMFA)

Office of the State Engineer (OSE)

Energy, Minerals and Natural Resources Department (EMNRD)

### SUMMARY

#### Synopsis of Bill

Senate Bill 396 – Making an Appropriation for Soil and Water Conservation Districts – appropriates \$570,000 from the general fund to the Board of Regents of New Mexico State University for expenditure in FY06 to match federal money for water conservation and natural resource restoration technical assistance pursuant to agreements with the United States Department of Agriculture's Natural Resources Conservation Service. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

Significant Issues

NMDA indicates that this appropriation provides matching dollars for federal funds to provide New Mexico with technical service for the implementation of Farm Bill programs. New Mexico received approximately \$33 million in 2004 and the state should receive approximately the same amount of funding from the Farm Bill in 2005. Combined state and federal funding in the amount of just over \$1 million will keep 28 regular employees and 9 contract employees paid for one year. This program assists in accomplishing watershed restoration and water conservation in New Mexico.

NMDA adds that the technical service provider program provides assistance to private landowners for water conservation measures and watershed/rangeland health improvements that are a part of the Farm Bill program and protect and enhance New Mexico's water, forest health, and watershed restoration goals as outlined in recent statewide planning efforts.

CHE indicates this program was appropriated \$75,000 of non-recurring funds in last year's legislative session; but that this request was not in the list of priority projects submitted by NMSU to CHE for review. Accordingly, this request was not included in the commission's funding recommendation for FY06.

**FISCAL IMPLICATIONS**

The \$570,000 appropriation contained in this bill would be a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

**ADMINISTRATIVE IMPLICATIONS**

New Mexico State University will retain administrative oversight of this project.

OSE suggests that although it is not clear which specific projects will be conducted with the funds, they could certainly benefit and relate to the activities and research conducted by the OSE, and therefore they should be closely coordinated with the OSE, and other appropriate agencies.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Relates to the appropriation for New Mexico State University in the General Appropriations Act.

Relates to HB491 in that HB491 seeks to appropriate \$500,000 from the general fund to the board of regents of New Mexico State University for expenditure in FY06 for soil and water conservation districts to match federal funds for water conservation and resource restoration technical assistance pursuant to an agreement with the United States Department of Agriculture Natural Resource Conservation Services.

**OTHER SUBSTANTIVE ISSUES**

EMNRD suggests that significant issues relate to the soil and water conservation district's request for state funding to match federal grant funding. The matching funds will enable the districts to qualify for additional federal funds the United States Department of Agriculture's Natu-

ral Resources Conservation Service has set aside if this bill passes. The state's 47 soil and water conservation districts control and prevent erosion, prevent sediment damage after floods, encourage water conservation, as well as conduct forest thinning projects around communities that are at risk from wildland fire in New Mexico.

Further, EMNRD indicates that since 2001 it has provided federal funds to some of the soil and water conservation districts to conduct hazardous fuel reduction thinning projects around communities and individual homes to reduce local fire danger. Although the appropriation indicated in this bill is not specifically identified as match for the fuel reduction projects, the district's capacity to conduct hazardous fuel reduction work may be enhanced and the bill may indirectly benefit the Forestry Division's efforts to reduce hazardous forest fuel loads in and around at risk communities.

BFW/yr